

Mulvey, Gail (2020) Corporate change in the Cumbrian Economy: Fourth Quarter (Oct.-Dec.) 2020. CRED Economic Bulletin Volume 7. CRED Research. (Unpublished)

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**INSTITUTE OF BUSINESS, INDUSTRY AND LEADERSHIP (IBIL)  
UNIVERSITY OF CUMBRIA**

**CRED ECONOMIC BULLETIN No. 7**

**Corporate change in the Cumbrian Economy: Fourth Quarter (Oct.-Dec.) 2020**



**CRED Research July 2021  
Contact: Dr Gail Mulvey**

## MACRO-ECONOMIC OVERVIEW

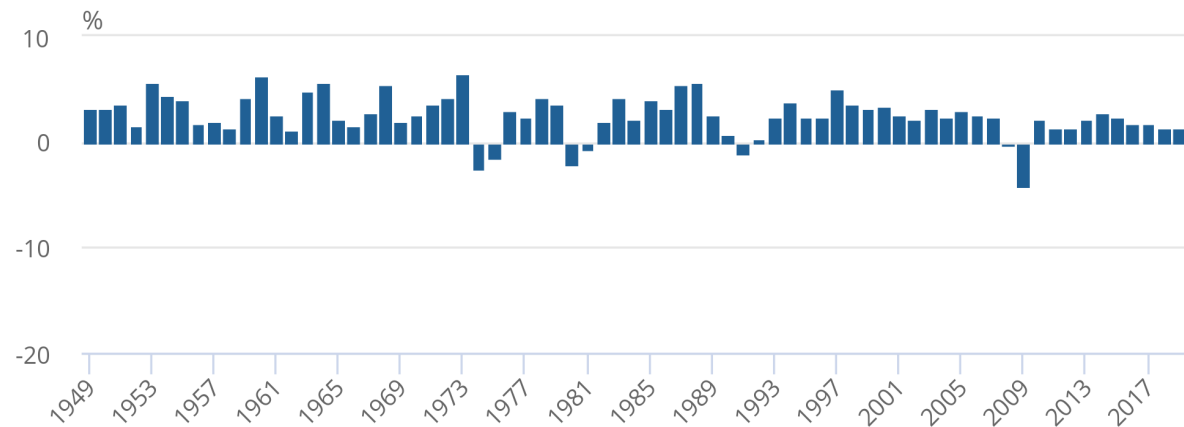
Data released by ONS on 31<sup>st</sup> March 2021 confirmed the unprecedented impact of the pandemic on the size of the UK economy during 2020 as measured by GDP. Over the year as a whole, it is estimated that UK GDP contracted by 9.8%, the largest annual fall on recent record. As can be seen in Figure 1, the negative impact of Covid-19 on the UK economy far exceeded the effects of the financial crisis in 2009 as well as the recession associated with the Oil Crisis in 1973 and the period of rapid deindustrialisation in 1980-81. Historic series from the Bank of England suggest that 2020 witnessed the largest annual contraction of the economy since the "Great Frost" of 1709<sup>1</sup>.

At national level, quarterly data for GDP shows that service output recovered slightly compared to the third quarter recording a rise of 1%, though output still remained below pre-pandemic levels. There were, however, some significant and interesting variations between sectors. Service output fell dramatically in accommodation and food services (-32%) following the recovery over the summer months (eat out to help out) and as restrictions were reintroduced in November. Compared to the same period in 2019, output from this key sector for Cumbria was 49% lower in 2020.

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<sup>1</sup> In 1709, Europe was ravaged by an intensely cold winter that ruined crops and killed livestock leading to famine and food riots. At that time, agricultural output formed the key component of economic activity (Pain S., 2009, "1709: the year thar Europe Froze," New Scientist Vol 201, issue 2694, pp. 46-7). See also data series published by the Bank of England in "A millennium of macroeconomic data for the UK" <https://www.bankofengland.co.uk/statistics/research-datasets>.

**Figure 1: UK Annual GDP Growth 1949-2020**



Source: Office for National Statistics, *Statistical Bulletin: GDP Quarterly National Accounts, UK*, October to December 2020 p. 4; data released on 31 March 2021

As regards production industries, Quarter 4 of 2020 witnessed output increase of 2% (and 3.3% for manufacturing). As a consequence, manufacturing output was only 2.7% below the pre-pandemic level. Nationally, there was a particularly strong bounce-back in transport equipment – car production was 14.5% higher than in the previous quarter (although this is still nearly 10% lower than the fourth quarter of 2019). Overall, these trends across different industries indicate considerable volatility and unpredictability as businesses struggle to adjust investments and resources to meet changing market demands and regulatory conditions.

**Table 2: SELECTED NATIONAL ECONOMIC INDICATORS**

	<b>Q2 2020</b>	<b>Q3 2020</b>	<b>Q4 2020</b>	<b>2020 overall estimate</b>	<b>2021 Forecasts (vi)</b>
<b>Gross Domestic Product (i)</b>	<i>Down -19.5% on previous 3 months</i>	<i>Up 16.9% on previous 3 months</i>	<i>Up 1.3% on previous 3 months</i>	-9.8%	5.7%
<b>Manufacturing output (ii)</b>	<i>Down -20.9% on previous quarter</i>	<i>Up 21.3% on previous quarter</i>	<i>Up 3.3% on previous quarter</i>		
<b>Services output (i)</b>	<i>Down -18.0% on previous quarter</i>	<i>Up 15.6% on previous quarter</i>	<i>Up 1.0% on previous quarter</i>		
<b>Annual inflation (CPIH) (iii)</b>	<i>0.8% year to June 2020</i>	<i>0.7% year to September 2020</i>	<i>0.8% year to December 2020</i>		2.1%
<b>Employment rate (iv)</b>	June 2020 – 76.1%	Sept 2020 – 75.4%	Dec 2020 – 74.8%		
<b>LFS Unemployment (iv)</b>	4.1%	4.8%	5.1%		6.2%
<b>Base Interest rate (v)</b>	0.1%	0.1%	0.1%		

(i) ONS Statistical Bulletin – GDP quarterly national accounts. Data released 31 March 2021 and includes revisions to previous estimates

(ii) ONS Statistical Bulletin -Index of Production – February 2021 Data released 13<sup>th</sup> April 2021

(iii) ONS Consumer Price Index (latest data release March 2021)

(iv) ONS Labour market review UK various issues 2020/21

(v) Bank of England – Official Bank Rate History

(vi) UK Treasury Forecasts for the UK Economy – average of new forecasts made in April 2021

## **CORPORATE CHANGE IN CUMBRIA: OCTOBER-DECEMBER 2020**

The ongoing Covid-19 pandemic during the fourth quarter of 2020 has seen two main responses by firms in Cumbria (see Table 3). The most reported response in the local press has been one of innovation and investment with firms across all sectors reported as engaging in this. Business closure as an outcome has been reported as only affecting the retail sector and so too, job losses. This is testament to the fact that manufacturing firms, the public and education sectors, accommodation and hospitality, if necessary, have sought to furlough workers rather than lay off workers for the duration of the pandemic. In addition, it is reflective of the success of the Government's Covid-19 small business and hospitality grant scheme, rates relief scheme and self-employment payments in alleviating a good degree of the financial impact of Covid-19 on businesses, large and small. Moreover, the closure of shops on the high street (see Edinburgh Woollen Mill, Debenhams, Topshop, Burton and Dorothy Perkins) has been the outcome of changes in shopping habits that preceded C-19 and which saw such firms struggling with reduced footfall.

The quarter has seen ongoing innovative adaptation to goods and services in light of the pandemic. For example, the *1863 Restaurant with Rooms* in Pooley Bridge found that on re-opening after the first lockdown, the social distancing restrictions reduced their capacity. So, they introduced *1863 By Day* whereby they opened for lunch for the first time, offering three-course fine dining. During the second lockdown, they introduced *1863 At Home*. Their head chef developed a menu which changed weekly, preparing meals that were vacuum packed, ready to be delivered all over the country. It has proven very popular due to the firm's Facebook audience (IC, 30.11.20). In retail, local bookstores can now advertise and sell their books on-line by signing up to Bookshop.org, which is a new business to rival Amazon and to offer support to the local high street (see *Bookends*). Mitchells Auction House in Cockermouth has also moved to conducting on-line timed auctions in the face of being unable to operate traditional auctions with in-person viewing and buyers present. Also, in the Higher Education sector, the University of Cumbria will, from January 2021, be offering the UK's first postgraduate degree in Tourism

Management. The aim is to provide training that will make tourism managers “robust, clever and resourceful” so that they can use their expertise to enhance what they offer and come back (from C-19) even better than before” (IC, 2.11.20).

There have also been many reported cases of investment in new premises during this quarter, cutting across all sectors. For example, in the Accommodation sector, The Golden Fleece, a new multi-million pound hotel development is being built which will provide 23 bedrooms, a coffered ceiling function room and parking for 81 cars. Located at Ruleholme near Brampton, it hopes to open in Spring 2021. A new 71-bed Premier Inn is also being built at Keswick, hoping to open in Spring 2022. The public sector too is investing in buildings and facilities thanks to funding being bid for and received from central government. Both Carlisle and Maryport will benefit in this way after the towns’ success at securing money from the Government’s High Streets Fund. Meanwhile, Carlisle Railway Station is to be redeveloped with improved facilities, new and extended platforms, having received £15M of funding through the Borderlands Inclusive Growth Deal and an additional £5M from the Borderlands Partnership Board. In addition, Carlisle City Council, through the developer, Chancery Gate, has built Gateway 44 retail Park, a £5.6M development consisting of 7 leasehold units and creating significant employment opportunities. Two of the units have already been taken by Costa Coffee for a drive-thru’ outlet and Wrens Kitchens for a showroom.

#### Notes:

IC – In-Cumbria online newsletter.

**Table 3: Reported Jobs Gained/Lost; Investment/Innovation; Disinvestment/Closure and Acquisitions by Standard Industrial Classification (SIC) Grouping**

	SIC Code	Jobs		Firms engaged in				
		To be gained	To be lost	Investment	Innovation	Disinvestment	Closure	Acquisition / Merger
<b>Manufacturing</b>	C			Mc Mennon Engineering Services; Bender UK; Bakehouse Barn and Bread	Wax Lyrical			
<b>Construction</b>	F			Thomas Armstrong				
<b>Wholesale and Retail Trade</b>	G			J D Motors; Sports Direct The Maiden Way Group; Mitchells Livestock Auctioneers; W. Byers Ltd; Amazon	Morrisons; Bookends; Mitchells Auction Rooms		Lakeland Leather; GAME; The British Heart Foundation; Cornerstone Books and Gifts; Topshop; Edinburgh Woollen Mill; Ponden Home; Burtons; Dorothy Perkins; Debenhams	
<b>Transport &amp; Storage</b>	H			Carlisle Railway Station; Andrew Porter Ltd.				
<b>Accommodation and Food Services</b>	I			The Golden Fleece; The Maryport Harbour Camping Park; Premier Inn	The Royal Barn; 1863 Restaurant with Rooms			
<b>Financial and Insurance Activities</b>	K			Armstrong Watson; Svella Plc	Raw Insurance			
<b>Real Estate</b>	L							
<b>Professional, Scientific &amp; Technical Activities</b>	M							Malcolm Dodds Solicitors
<b>Administrative and Support</b>	N			Just R				



<b>Service Activities</b>								
<b>Public Administration, Defence &amp; Social Security</b>	O			Carlisle City Council; Maryport Town Council	Cumbria Tourism			
<b>Education</b>	P				University of Cumbria			
<b>Human Health &amp; Social Work Activities</b>	Q							
<b>Arts, Entertainment &amp; Recreation</b>	R							
<b>Other Service Activities</b>	S				Royal British Legion			

The data in this table is based on the author's allocations of reported job gains and losses to SIC codes and has not been verified by separate enquiry. Details reported may also contain inaccuracies and be subject to change due to circumstances.

Press reports generally do not identify how many jobs are full or part-time, hence it is not possible to provide job numbers as Full-Time Equivalents.

The main source of reports is the In-Cumbria AM newsletter.

**Table 4: Jobs Gained or Lost, Investment, Innovation, Adaptation and Acquisition - Breakdown**

Date Reported	Firm Name	Location	Standard Industrial Classification	Jobs		Reported Covid-related changes				Further Detail / Investments/ New services	Other Innovation News
				To be gained	To be lost	Closure	Reduction in Production	Increase in production	Adaptation in type of products / services		
5-Oct.-20	Malcolm Dodds Solicitors	Carlisle	Professional, Scientific & Technical Activities							The firm of solicitors is to merge with Wragg Mark-Bell, Solicitors, Carlisle, moving to the latter's offices in Castle Street and Malcolm Dodd will become a consultant to the firm.	
6-Oct.-20	Morrisons	Cumbria-wide	Wholesale and Retail Trade						✓	The retail chain is extending its home delivery service to include self-isolating customers, having previously been available only to elderly and clinically vulnerable people.	
8-Oct.-20	J D Motors	Dalton	Wholesale and Retail Trade							The car dealership has opened new premises, having moved from Barrow and refurbished the new site which was formerly used by Mill Brow Car Centre.	
10-Oct.-20	The Golden Fleece	Ruleholme, Brampton	Accommodation and Food Services	40						A multi-million pound hotel development is being built – a 23-bed hotel with over 2,000m <sup>2</sup> of floorspace and parking for 81 cars with a function room able to cater for about 200 guests.	
14-Oct.-20	Lakeland Leather	Carlisle	Wholesale and Retail Trade			✓				The retail clothes store is to close in November due to the decline in footfall in the city centre & also because the lease is up for renewal and the rent is said to be unaffordable.	

Date Reported	Firm Name	Location	Standard Industrial Classification	Jobs		Reported Covid-related changes				Further Detail / Investments / New services	Other Innovation News
				To be gained	To be lost	Closure	Reduction in Production	Increase in production	Adaptation in type of products / services		
14-Oct.-20	Mc Mennon Engineering Services	Workington	Manufacturing							The manufacturer of flow meters and temperature monitoring equipment has opened the first British manufacturing facility of this type in Saudi Arabia – a joint venture with Gulf Tek Arabia.	
14-Oct.-20	Armstrong Watson	Workington and Cockermouth	Financial & Insurance Activities							The business and financial advisors has relocated its Workington office to more expansive offices on the Marvejols Business Park, Cockermouth. The new location will meet their “growing business needs.”	
14-Oct.-20	The Royal British Legion	Seascale and Sellafield	Other Service Activities						✓	These branches are making Poppy Masks to raise funds in their annual poppy appeal with all of the money received from purchases going to help local veterans.	
16-Oct.-20	Thomas Armstrong	Flimby	Construction							The construction co. has won a £1.9M contract to refurbish the interior of the former Pencil Factory at Keswick. The building, bought by Keswick Ministries, is part of a £9.5M project to revamp the site.	
16-Oct.-20	Premier Inn	Keswick	Accommodation and Food Services							A 71-bed hotel will be built bringing a different style of accommodation to Keswick. The parent co., Whitbread, which has long hoped to secure a site in the town, hopes to open it in Spring 2022.	

Date Reported	Firm Name	Location	Standard Industrial Classification	Jobs		Reported Covid-related changes				Further Detail / Investments / New services	Other Innovation News
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16-Oct.-20	Carlisle Railway Station	Carlisle	Transport and Communication							The station is to be redeveloped with improved facilities, new and extended platforms, having received £15M of government funding through The Borderlands Inclusive Growth Deal	
16-Oct.-20	The Royal Barn	Kirkby Lonsdale	Accommodation & Food Services						✓	The bar has renovated its premises and customised its seating arrangements during the C-19 lockdown. There are new booths, toilet traffic lights and a new app for customers to place orders.	
17-Oct.-20	University of Cumbria	Carlisle	Education							The university is delivering a new intensive, two-year Detective Degree Holder Entry Programme which blends practice and theory with real world experience in the workplace.	
17-Oct.-20	The Maiden Way Group	Carlisle	Wholesale and Retail Trade							The building and design company is to open a bespoke kitchen and bathroom showroom on Castle Street.	
20-Oct.-20	Cubby Construction	Carlisle	Construction							The civil engineering, house-building and joinery-making co. has taken over Finlaysons Contracts giving it a platform for expansion into Scotland.	
22-Oct.-20	GAME	Whitehaven	Wholesale and Retail Trade			✓				The gaming retailer is closing its store on 28 <sup>th</sup> October.	
22-Oct.-20	Wax Lyrical	Lindal	Manufacturing							The home fragrances manufacturer has worked with Plus 3K Animation Studios to create an online animation to launch their "Baby it's cold outside" range of new seasonal fragrances for 2020.	

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22-Oct.-20	The British Heart Foundation	Whitehaven	Wholesale and Retail Trade			✓				The charity has closed its shop in the town, having seen a significant reduction in customer spend and footfall – even before the C-19 pandemic.	
22-Oct.-20	Cornerstone Books and Gifts	Ulverston	Wholesale and Retail Trade			✓				The Lonsdale Bible Society's shop trustees took the decision to close the shop on Halloween in light of reduced business caused by online book purchases and the effects of C-19. The shop was staffed by dedicated volunteers.	
25-Oct.-20	Mitchells Auction Rooms	Cockermouth	Wholesale and Retail Trade						✓	The auction rooms will operate their first Timed Online Auction next month as the new man heading up the firm (former head of PFK's antiques auction dept.) further develops the business.	
27-Oct.-20	Sports Direct	Barrow	Wholesale and Retail Trade							The sports retailer has opened a second store in the town, occupying the site which DW Sports closed in August and taking on its former employees.	
30-Oct.-20	The Maryport Harbour Camping Park	Maryport	Accommodation and Food Services							Supported by £123,000 from the Cumbria LEP's "Growing Our Potential Fund," this £300,000 development will provide 24 serviced caravan & motor home pitches, glamping pods, a café and amenities block, opening in Spring 2021.	
2-Nov.-20	Andrew Porter Ltd	Kendal	Transport, Communication and Storage							The storage co. has expanded its facility at Kendal Business Park by another 27 storage units, taking its total number to 138, to meet increasing demand for self-storage facilities in the area.	

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				To be gained	To be lost	Closure	Reduction in Production	Increase in production	Adaptation in type of products / services		
3-Nov.-20	Bookends	Carlisle	Wholesale and Retail Trade						√	The bookshop has signed up to Bookshop.org which is a new business rivalling Amazon. It is a means by which customers can buy books online and by which local bookstores can advertise their books.	
5-Nov.-20	Lakes Distillery	Near Bassenthwaite	Manufacturing								The co. has been included in the "London Stock Exchange Group's list of 1,000 cos. to inspire Britain."
6-Nov.-20	Just R	Carlisle	Administrative and Other Support Service Activities							The healthcare recruitment co. has worked with NHS England, NHS Improvement and the London Procurement Partnership to create a unique platform for international nurse recruitment.	
6-Nov.-20	Mitchells Livestock Auctioneers	Carlisle	Wholesale and Retail Trade							The auctioneers are investing £500,000 in building new light commercial units at Mitchells Livestock Centre which they intend to let from Jan. 2021 "with a view to job creation and positive long-term benefits."	
15-Nov.-20	W. Byers Ltd.	Carlisle	Wholesale and Retail Trade							The retailer which sells outdoor clothing, sportswear and equipment via its online store and Amazon, has opened a second premises on Kingmoor Park Central. The 18,000ft² unit will be used for storage & distribution.	

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				To be gained	To be lost	Closure	Reduction in Production	Increase in production	Adaptation in type of products / services		
19-Nov.-20	Edinburgh Woollen Mill and Ponden Home	Carlisle, Penrith and Keswick	Wholesale and Retail Trade		866 + up to 2,000	✓				The EWM Group which includes Ponden Homes has gone into administration and its stores have closed. Across the two companies, 866 jobs have so far been lost with more than 2,000 at risk.	
24-Nov.-20	RAW Insurance	Kendal	Financial & Insurance Activities						✓	The insurance co. has partnered with Joey's Café to pay for dozens of cups of coffee in advance, which people who have hit hard times during the C-pandemic, can avail themselves of by visiting the café.	
28-Nov.-20	University of Cumbria	Carlisle	Education						✓	The university is offering the UK's first postgraduate tourism management courses to start in January aimed at providing training to make managers "robust, clever and resourceful."	
29-Nov.-20	Svella Plc		Financial and Insurance Activities							This new firm has been launched by former Stobart Group Execs, Andrew Tinkler & Ben Whawell, who will use their management expertise and other business skills to help firms pull through the C-19 pandemic.	
30-Nov.-20	1863 Restaurant with Rooms	Pooley Bridge	Accommodation and Food Services						✓	The restaurant has adapted its services during the C-19 pandemic, opening <i>1863 By Day</i> and <i>1863 At Home</i> . The head chef has developed a menu which changes weekly and prepares meals that are vacuum packed ready to be delivered.	
2-Dec.-20	Debenhams	Carlisle, Workington and Barrow	Wholesale and Retail Trade			✓				The retailer's stores are set to close after hopes of a rescue bid by JD Sports fell through.	

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				To be gained	To be lost	Closure	Reduction in production	Increase in production	Adaptation in type of products / services		
2-Dec.-20	Topshop, Burton and Dorothy Perkins	Carlisle, Penrith, Workington & Whitehaven	Wholesale and Retail Trade			√				The owner of these fashion clothes stores, Arcadia, has fallen into administration, putting 13,000 jobs nationwide at risk. The pandemic has severely impacted sales across the Group.	
10-Dec.-20	Cumbria Tourism	Kendal	Public Administration						√	The tourism body has set up a Virtual Christmas Market – an online market place for its member businesses to sell their locally produced goods or services. This is in support of their “Shop local” campaign.	
16-Dec.-20	Parkdean Resorts	Lake District	Accommodation and Food Services								The holiday park operator has won Best UK Family Holiday Co. & Best UK Holiday Parks & Lodges Co. in the 2020 British Travel Awards.
22-Dec.-20	Carlisle City Council	Carlisle	Public Administration							The Council has completed construction of the £5.6M Gateway 44 Retail Park development on Parkhouse Rd., Carlisle. It consists of 7 leasehold units providing space from 1,200 to 10,000 ft².	
24-Dec.-20	Amazon	Longtown	Wholesale and Retail Trade	140						The co’s new depot has hired nearly 100 seasonal workers to accommodate the demands of the Christmas season & by the end of the year, will have hired close to 40 permanent members of staff since opening.	



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				To be gained	To be lost	Closure	Reduction in Production	Increase in production	Adaptation in type of products / services		
24-Dec.-20	The Falls Spa	Borrowdale	Accommodation and Food Services								Located at the Lodore Falls Hotel, it has been named "Boutique spa of the year" in the 2020 Professional Beauty Awards from >250 entries.
27-Dec.-20	Carlisle City Council	Carlisle	Public Administration							The Council has been awarded over £9.1M in the Government's High Streets Fund which it will use to help transform the high street & renew the city centre as a place to live and work.	
27-Dec.-20	Maryport Town Council	Maryport	Public Administration							The Council has been awarded £11.5M in the Government's High Streets Fund which it will use to improve the high street & undertake a number of investments in particular buildings in the town.	
28-Dec.-20	Bender UK	Ulverston	Manufacturing							The electronics manufacturer has supplied a power system & specialised equipment for a £2.5M modular operating theatre being installed at Lancaster Royal Infirmary.	
28-Dec.-20	Bakehouse Barn and Bread	Greenodd	Manufacturing	8						This new bakery and café has opened on a trading estate. The owners employ 6 other chefs and the majority of their customers are local.	

**Note:**

C – Covid 19